

APPENDIX B

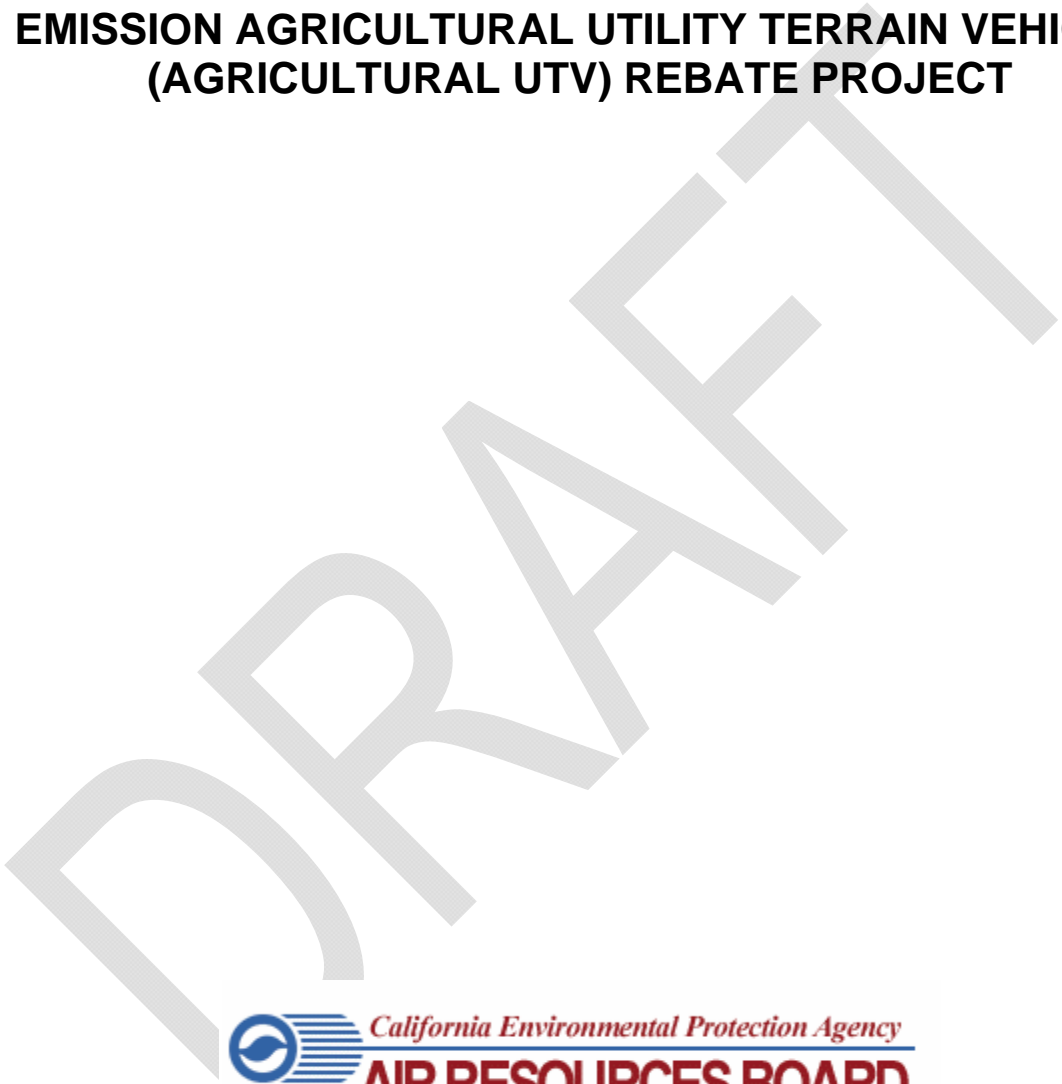
Draft Implementation Manual for the Zero-Emission Agricultural Utility Terrain Vehicle (Agricultural UTV) Rebate Project

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State of California
California Environmental Protection Agency

AIR RESOURCES BOARD

**DRAFT IMPLEMENTATION MANUAL FOR THE ZERO-
EMISSION AGRICULTURAL UTILITY TERRAIN VEHICLE
(AGRICULTURAL UTV) REBATE PROJECT**



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EXECUTIVE SUMMARY

The Zero-Emission Agricultural Utility Terrain Vehicle (Agricultural UTV) Rebate Project is intended to encourage and accelerate the use of zero-emission work vehicles for use in California agricultural operations by providing rebates for the purchase of new eligible vehicles. For the purposes of the Agricultural UTV Rebate Project, the term UTV will be used to collectively include both all terrain vehicles (ATVs) and utility vehicles (UVs) as they are defined by off-highway regulations. The Agricultural UTV Rebate Project is intended to encourage and accelerate the use of zero-emission work vehicles for use in California agricultural operations¹ by providing rebates of 15 percent of the manufacturer's suggested retail price (MSRP), up to a maximum of \$2,500, for the purchase of new zero-emission vehicles. The Agricultural UTV Rebate Project will be administered and implemented through a partnership between ARB and a Grantee, selected via a competitive ARB grant solicitation.

The Implementation Manual, in conjunction with the Air Quality Improvement Program (AQIP) Guidelines and AQIP Funding Plan for Fiscal Year 2009-10, identifies the minimum requirements for administration, implementation, and oversight of the Agricultural UTV Rebate Project. The draft Implementation Manual is a work in progress and will continue to be refined in coordination with the selected Grantee (See Table 1 on Page 3 for the Agricultural UTV Rebate Project development timeline). The selected Grantee will have the opportunity to recommend updates to the Implementation Manual as part of the first phase of project implementation.

¹ For the purposes of the Agricultural UTV Rebate Project, agricultural operations is defined from ARB's Regulation for in-Use Off-Road Diesel Vehicles (Title 13 CCR § 2449): "Agricultural operations" means (1) the growing or harvesting of crops from soil (including forest operations), and the raising of plants at wholesale nurseries, but not retail nurseries, or the raising of fowl or animals for the primary purpose of making a profit, providing a livelihood, or conducting agricultural research or instruction by an educational institution, or (2) agricultural crop preparation services such as packinghouses, cotton gins, nut hullers and processors, dehydrators, and feed and grain mills. Agricultural crop preparation services include only the first processing after harvest, not subsequent processing, canning, or other similar activities. For forest operations, agricultural crop preparation services include milling, peeling, producing particleboard and medium density fiberboard, and producing woody landscape materials.

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Attachments

- 1 Draft Vehicle Eligibility Application
- 2 List of Existing Eligible Vehicles and Rebate Amounts
- 3 Draft Quarterly Status Report Form *(to be finalized by the Grantee in collaboration with ARB)*

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1 INTRODUCTION

In 2007, Governor Schwarzenegger signed into law the *California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007* (AB 118, Statutes of 2007, Chapter 750). AB 118 created the AQIP, a voluntary incentive program administered by ARB, to fund clean vehicle and equipment projects, air quality research, and workforce training. ARB's appropriation for Air Quality Improvement Plan (AQIP) projects in the fiscal year (FY) 2009-10 State Budget is \$42.3 million². Based on projected revenues for the AQIP in FY 2009-10, ARB estimates \$36.4 million will be available for grants.

In April 2009, ARB adopted AQIP Guidelines that establish minimum administrative and implementation requirements, providing the overarching rules for how ARB will manage this incentive program. The AQIP Guidelines include the procedures for issuing project solicitations and selecting projects. The Agricultural UTV Rebate Project solicitation has been developed in accordance with the provisions of the AQIP Guidelines.

In April 2009, ARB also approved the AQIP Funding Plan, which serves as the blueprint for expending FY 2009-10 AQIP funds. The Funding Plan establishes ARB's priorities for the funding cycle, describes the projects ARB will fund in FY 2009-10, and sets funding targets for each project. Under the Funding Plan, AQIP funds will be focused on supporting development and deployment of the advanced technologies needed to meet California's longer-term, post 2020 air quality goals. The Funding Plan establishes the Agricultural UTV Rebate Project as one of the four deployment and commercialization projects funded in AQIP for FY 2009-10. All-terrain vehicles and UTVs are used extensively in the agricultural industry to inspect crops and livestock, inspect and repair irrigation systems and fence lines, fertilize and apply chemicals, supervise field crews, herd livestock, transport dirt, and other work-related activities. The cost of an electric UTV is typically higher than its gasoline or diesel powered counterpart. A statewide rebate incentive for eligible consumers would accelerate commercialization of zero-emission UTVs in California's agricultural sector and have the immediate benefit of reducing criteria pollutant and greenhouse gas emissions. It may also lead to an economy of scale by reducing sales costs as production volume increases.

² In the *AB118 Air Quality Improvement Program Funding Plan for Fiscal Year 2009-10*, the Board approved \$1.3 million for the Agricultural UTV Rebate Project based on a \$42.3 million appropriation for AQIP projects in the proposed State Budget. The Funding Plan included provisions to scale funding targets proportionally based on the final budget allocation. Projected revenue for the AQIP in FY 2009-10 is estimated to be \$34.6 million rather than \$42.3 million, so Agricultural UTV Rebate Project funding has been adjusted to \$1.1 million.

This document constitutes the ARB's Implementation Manual for the Agricultural UTV Rebate Project (Implementation Manual). The Agricultural UTV Rebate Project will be administered and implemented through a partnership between ARB and a Grantee, selected via a competitive ARB grant solicitation.

This Implementation Manual, in conjunction with the AQIP Guidelines and AQIP Funding Plan, identifies the minimum requirements for administration, implementation, and oversight of the Agricultural UTV Rebate Project.

2 PROJECT IMPLEMENTATION

2.1 Project Framework

The Agricultural UTV Rebate Project provides rebates of 15 percent of the UTV's manufacturer's suggested retail price (MSRP), up to a maximum of \$2,500 per zero-emission vehicle to qualified individuals, businesses, public agencies and entities, and non-profit organizations involved in California agricultural operations.³ An ARB Guidance Fact Sheet on the In-Use Off-Road Diesel Vehicle Regulation definition of agriculture is included as Attachment 1. After the purchaser takes ownership of the vehicle, they will be eligible for the rebate. Typically, a sale is deemed complete when the purchaser of the vehicle has paid the purchase price, or, in lieu thereof, has signed a purchase contract or security agreement and taken physical possession or delivery of the vehicle. The rebate application may be submitted online, downloaded from the Agricultural UTV Project website and mailed to the Grantee, or obtained by contacting the Grantee directly and submitted by mail.

It is important that the Agricultural ATV Rebate Project information be centrally available to the public and other interested parties. In order to achieve this, the Agricultural UTV Rebate Project will have a website that includes:

- criteria for consumer eligibility
- current list of eligible zero-emission vehicles and rebate amount for each vehicle
- online rebate application

³ For the purposes of the Agricultural UTV Rebate Project, agricultural operations is defined from ARB's Regulation for in-Use Off-Road Diesel Vehicles (Title 13 CCR § 2449): "Agricultural operations" means (1) the growing or harvesting of crops from soil (including forest operations), and the raising of plants at wholesale nurseries, but not retail nurseries, or the raising of fowl or animals for the primary purpose of making a profit, providing a livelihood, or conducting agricultural research or instruction by an educational institution, or (2) agricultural crop preparation services such as packinghouses, cotton gins, nut hullers and processors, dehydrators, and feed and grain mills. Agricultural crop preparation services include only the first processing after harvest, not subsequent processing, canning, or other similar activities. For forest operations, agricultural crop preparation services include milling, peeling, producing particleboard and medium density fiberboard, and producing woody landscape materials.

- supporting documentation and forms
- updated total of available funds remaining in the program.

The website will enable the program to be streamlined and provide project transparency. For the purposes of this project, the date of purchase is the day of sale.

Key milestones for Agricultural UTV Rebate Project development and implementation are identified in Table 1.

Table 1: Proposed Agricultural UTV Rebate Project Development and Implementation Timeline

Action Item	Date or Time Period
Release solicitation	October 2009
Grantee selected	December 2010
Grantee develops project webpage, conducts outreach. Implementation Manual and online application finalized.	January-February 2010
Vehicle funding becomes available	March 2010 (until depleted)
Status Report to ARB Project Liaison	May 2010 – June 2012

This timeline may be revised at ARB's sole discretion.

2.2 Eligible Vehicles

There are two general types of vehicles eligible for grant funding under the Agricultural UTV Rebate Project: all terrain vehicles (ATVs) and utility vehicles (UVs) as they are defined by off-highway regulations.⁴ For the purposes of the Agricultural UTV Rebate Project, the term UTV will be used to collectively include both ATVs and utility vehicles. This section discusses the categories of vehicles eligible for grant funding under the Agricultural UTV Rebate Project and the criteria that a vehicle model must meet to be

⁴ California's off-highway regulations as amended in July 2006 (Title 13 CCR § 2449) define an ATV as any off-highway motor vehicle 50 inches or less in overall width that is designed to travel on four or more low pressure tires, having a single seat designed to be straddled by the operator or a single seat designed to be straddled by the operator and a seat for no more than one passenger, having handlebars for steering control. An off-road utility vehicle is defined as designed to travel on four or more wheels, having bench or bucket seating for two or more persons, having a steering wheel for steering control, designed for operation over rough terrain, having an internal combustion engine with a displacement less than or equal to one liter, having a maximum brake power less than or equal to 30 kilowatts, and having either 1) a rear payload of 350 pounds or more, or 2) seating for six or more passengers.

considered eligible. ARB is responsible for providing the Grantee the current list of eligible vehicles and the corresponding rebate amounts.

2.3 Eligible Vehicle Criteria

To be eligible for the Agricultural UTV Rebate Project, UTV models must meet the following criteria:

2.3.1 New

To be eligible, the vehicle must be a new vehicle as defined in California Vehicle Code (CVC) Section 430.⁵ The Original Equipment Manufacturer (OEM) or its authorized licensee must manufacture the vehicle. If the vehicle is not new or has been transferred into California after being used out-of-state, the vehicle is not eligible for a rebate through the Agricultural UTV Rebate Project.

2.3.2 Zero-Emission

The vehicle must emit zero tailpipe emissions from its onboard source of power, (such as all electric or hydrogen fuel cell vehicles), and may not undergo any modification that would allow propulsion by any other means.

2.3.3 Vehicle Specification and Performance Thresholds

Eligible UTV must meet the following specifications:

Minimum Continuous Kilowatt (kW) Rating of Motor	Towing Capacity (lbs)	Total Vehicle Weight (lbs)
4 ¹	600 or greater	700 or greater
¹ Equivalent to approximately 5.4 horsepower		

2.3.4 Vehicle Maintenance and Customer Service

Each manufacturer must demonstrate to ARB that they have a process in place to offer convenient and time-sensitive warranty and maintenance service to the vehicle owner. An acceptable service program will have readily available parts, trained service technicians, and the ability to send a technician to an owner's home, site where the vehicle resides, or transport the vehicle to an authorized repair facility within California.

⁵ Per Section 430 of the California Vehicle Code, a "new vehicle" is a vehicle constructed entirely from new parts that have never been the subject of a retail sale, or registered with the department, or registered with the appropriate agency or authority of any other state, District of Columbia, territory or possession of the United States, or foreign State, province, or country.

2.3.5 Warranty Provisions

The vehicle drive train, including applicable energy storage tanks or a battery pack, must be covered by a manufacturer warranty. Prior to approving a vehicle model for addition to the List of Eligible Vehicles, ARB may request that the manufacturer provide copies of representative vehicle and battery warranties and a description of the manufacturer's plans to provide warranty and routine vehicle service.

2.4 Development of List of Eligible Vehicle Models

Vehicle models will be approved by ARB on a model year basis and placed on a List of Eligible Vehicle Models with the corresponding rebate amounts. Manufacturers of vehicle models not currently on the list should submit a Vehicle Eligibility Application (Attachment 2) to ARB. The vehicle manufacturer is responsible for providing all the required documentation described on the application. ARB will coordinate with the vehicle manufacturers to request any additional documentation needed for eligibility determinations. The List of Eligible Vehicle Models for the Agricultural UTV Rebate Project will be periodically updated as manufacturers submit applications and vehicle models are approved. If the vehicle meets the eligibility requirements set forth in section 2.3 of this Implementation Manual, then ARB will add the vehicle to the List of Eligible Vehicle Models, calculate the rebate amount, and provide the updated list to the Grantee. Vehicles purchased prior to the vehicle being added to the List of Eligible Vehicles are not eligible for a rebate.

2.5 Vehicle Rebate Amounts

The Agricultural UTV Rebate Project provides rebates of 15 percent of the UTV's manufacturer's suggested retail price (MSRP), up to a maximum of \$2,500 per vehicle. Specific rebate amounts for each eligible vehicle model will be included in the List of Eligible Vehicle Models and available on the project webpage. Attachment 3 provides the initial list of eligible vehicles and the corresponding rebate amounts.

Opportunities for Additional Vehicle Cost Buy-Down

Participation in the Agricultural UTV Rebate Project does not preclude a vehicle purchaser from taking advantage of other incentive opportunities. Rebates may be combined with federal, state, or local agency incentives and Grantee match funding to help further buy-down an eligible vehicle's incremental cost; however, these combined funds may not exceed the vehicle's incremental cost. For simplicity purposes, the rebate amount offered by ARB will be considered half of the incremental cost, such that the maximum incentives a vehicle purchaser could obtain for an eligible vehicle would be double that of the ARB rebate. The vehicle purchaser must disclose in the rebate application other incentives received to the Grantee administering the Agricultural UTV Rebate Project.

2.6 Distribution of Rebates

The Grantee, in coordination with ARB, must develop the Agricultural UTV Rebate Project website to provide the public a central location for all information on the project. The Agricultural UTV Rebate Project website will include an online application, a list of eligible vehicles, the eligible rebate amount for each vehicle, and provide a real-time running total of available funds remaining in the program. At any time following the purchase transaction, the purchaser may submit a rebate application. The rebate application may be submitted online, downloaded from the Agricultural UTV Rebate Project website and mailed to the Grantee, or obtained by contacting the Grantee directly and submitted by mail.

Rebates will be distributed on a first-come first-serve basis. If the application is submitted online, a rebate has been reserved and the purchaser has 14 calendar days to mail (determined by US mail postmark) the required documentation to the Grantee. If the purchaser does not submit the required documentation within the 14 calendar days, the rebate funds will be released back to the project and the purchaser will need to submit another rebate application. Applications submitted by mail must include all the required documentation to be considered complete and reserve a rebate. Once the Grantee has verified the documentation, a rebate check will be issued to the purchaser if funds are available.

The rebate for an eligible vehicle will be issued to the qualified recipient in a single allotment. The distribution of this rebate will be made as soon as possible, but no later than 60 days after receipt and verification of the documentation required for approval of the rebate.

2.7 Appeal Process

If a rebate application is rejected because the applicant does not meet the vehicle purchaser eligibility requirements described in Section 3.3, the Grantee shall provide the applicant with the reason for the denial in writing. Any applicants who feel that they have been unfairly denied a rebate may submit an appeal to the ARB Project Liaison. Such an appeal must be signed by the applicant and submitted in writing via postal mail within 30 days of the date shown on the written denial letter to:

ARB Project Liaison: Ms. Meri Miles
Air Quality Improvement Program Section
P.O. Box 2815
Sacramento, CA 95812
Attn: Agricultural UTV Rebate Project Appeals

Appeals made by e-mail, fax or phone will not be considered. The appeal shall contain all facts and documentation upon which the appeal is based. Failure to supply this information shall be grounds for rejection of the appeal. A written response to the

appeal will be provided by the ARB Project Liaison within 60 days of receipt. ARB's decision shall be final and binding. Payment of rebate funds for a successful appeal will be contingent upon funds remaining under the Agricultural UTV Rebate Project.

3 DUTIES AND REQUIREMENTS

3.1 Air Resources Board

ARB is responsible for:

- Development of the Draft Implementation Manual (the Implementation Manual will be finalized in consultation with the Grantee).
- Selecting the Grantee.
- Evaluating and approving vehicles for Agricultural UTV Rebate Project eligibility, and providing the Grantee an up-to-date list of eligible vehicles. ARB is responsible for working closely with vehicle manufacturers in order to determine vehicle eligibility.
- Determining vehicle rebate amounts and providing this information to the Grantee.
- Participating in regular meetings with the Grantee to discuss project refinements and guide project implementation.
- Review and approval of project elements provided by the Grantee, such as the Agricultural UTV Rebate Project webpage, rebate payment verification, and Status Reports.
- Distribution of project funds to the Grantee.
- Project oversight and accountability (in conjunction with the Grantee).
- Meet all applicable requirements of statute, the AQIP Guidelines and Funding Plan (adopted by the Board on April 24, 2009), the Agricultural UTV Rebate Project solicitation, the grant agreement with the Grantee, and the Agricultural UTV Rebate Project Implementation Manual. The AQIP Guidelines and Funding Plan are available at: www.arb.ca.gov/msprog/aqip/aqip.htm.

ARB shall also designate an ARB Project Liaison as the contact person for coordination with the Grantee. The ARB Project Liaison for the FY 2009-10 Agricultural UTV Rebate Project is Ms. Meri Miles. Ms. Miles can be reached by e-mail at mmiles@arb.ca.gov or by telephone at (916) 322-6370.

3.2 Grantee

Grantee responsibilities encompass project development, project implementation, and project reporting. The Grantee is responsible for on-the-ground project implementation of distributing rebate payments to eligible vehicles, including the following tasks:

- If the Grantee is an air district, submit a resolution of the district Governing Board prior to execution of the Grant Agreement that commits the district to comply with

the Agricultural UTV Rebate Program requirements and authorized the district to accept the grant funds from ARB. If a match is committed, the board resolution shall authorize the Air Pollution Control Officer to supply sufficient funding to meet the stated match commitment

- Finalize the Draft Implementation Manual in consultation with ARB.
- Prepare outreach materials in consultation with ARB and conduct the statewide outreach to the public and agricultural equipment dealerships necessary for the project to be successful.
- Develop a user-friendly public webpage which must include, at a minimum:
 1. The list of eligible vehicles and each vehicle's rebate amount.
 2. Ability to submit online rebate applications.
 3. Ability to track total Agricultural UTV Rebate Project funds available and expended.
 4. All documents and forms related to the project.
- Ensure purchasers meet all applicable Agricultural UTV Rebate Project requirements.
- Use the vehicle purchaser eligibility criteria described in Section 3.3 of this Implementation Manual to review and approve or disapprove rebate applications.
- Distribute rebate payments to eligible vehicle purchasers.
- Track expenditure of Agricultural UTV Rebate Project grant funding.
- Closely communicate with the ARB to ensure that the most current list of eligible vehicles is being used.
- Respond to public inquiries regarding the Agricultural UTV Rebate Project
- Provide an accounting of State funds to ARB through Status Reports as described in Section 4.3 of this solicitation. The grant agreement with the Grantee may specify an electronic format for quarterly reports, as needed for transparent and effective data tracking and accounting.
- Provide ARB with an Agricultural UTV Rebate Project Final Report that summarizes and evaluates total fund expenditures (including match and in-kind funds), vehicles funded, outreach efforts, and implementation challenges, and recommends potential program improvements
- Provide a mechanism for rebate recipients to provide voluntary customer satisfaction feedback on UTVs purchased with rebates. This mechanism will be further defined in coordination with the Grantee during finalization of the Implementation Manual.
- Provide ARB with all webpage(s), software or other intellectual property developed or purchased by the Grantee for the purposes of administering or implementing the Agricultural UTV Rebate Project, if requested.
- Meet all applicable requirements of statute, the AQIP Guidelines and Funding Plan, ARB's Agricultural UTV Rebate Project solicitation, the Agricultural UTV Rebate Project grant agreement with ARB, and this Implementation Manual.

Conflict of Interest

The Grantee may have no interest, and shall not acquire any interest, direct or indirect, which will conflict with its ability to impartially complete the project tasks described above. All applicants must disclose any direct or indirect financial interest or situation which may pose an actual, apparent, or potential conflict of interest with its duties at the time of the Agricultural UTV Rebate Project Grantee solicitation. Although applicants are not automatically disqualified due to a potential or appearance of a conflict of interest at the time of the Agricultural UTV Rebate Project Grantee solicitation, ARB may consider the nature and extent of any potential or apparent conflict of interest in evaluating the proposal. The Agricultural UTV Rebate Project Grantee must immediately advise ARB in writing of any potential new conflicts of interest throughout the grant term.

3.3 Vehicle Purchaser

The vehicle purchaser is responsible for submitting the rebate application and providing the Grantee all required documentation. Eligible vehicle purchasers must accept the rebate directly – the Agricultural UTV Rebate Project does not provide an option to assign the rebate to a vehicle dealer or manufacturer. To receive an Agricultural UTV Rebate Project rebate, a vehicle purchaser must:

- Be an individual, business, non-profit, or government entity that can show proof of California residency, or proof that the agricultural operation for which the UTV would be used occurs in California.
 - Self-certify that the vehicle would be used exclusively for California agricultural operations, as defined by ARB's In-Use Off-Road Diesel Vehicle Regulation (see Attachment 1 of this Implementation Manual for the definition). Rebates will be revoked and applicants barred from receiving future rebates for false certification.
 - Submit a rebate application form either online or through the mail.
 - Submit the following documentation to the Grantee:
 1. A copy of the purchase agreement signed by all parties with an itemization of credits, discounts and incentives received, if applicable.
 2. A copy of a current utility billing statement or other proof of residency, or proof of California business operations for which the UTV would be used
- For rebate applications submitted through the mail, documentation must be submitted with the mailed rebate application. For rebate applications submitted online, documentation must be submitted within 14 calendar days.
- Notify the Grantee of new address if there is an address change within two-years after the date of purchase.
 - Notify the Grantee if the vehicle is sold within two-years following the date of purchase.
 - Not make or allow any modifications to the vehicle systems, including motor and other hardware, the addition of auxiliary power sources, or changes to software calibrations (Violation, VC27156)

- Commit that any emission reductions generated by the purchased UTV will not be used as marketable emission reduction credits, to offset any emission reduction obligation of any person or entity, or to generate a compliance extension or extra credit for determining regulatory compliance.
- Be available for follow-up inspection if requested by the Grantee, ARB, or ARB's designee for the purposes of project oversight and accountability.

The vehicle purchaser is responsible for ensuring the accuracy of the information on all rebate applications and required documentation submitted to the Grantee. Submission of false information on any required documents may be considered a criminal offense and is punishable under penalty of perjury under the laws of the State of California.

Vehicle purchasers participating in the Agricultural UTV Rebate Project are expected to keep the vehicle and meet all applicable project requirements for a minimum two year period after the vehicle purchase date. However, resale of a vehicle or return to dealer is allowed within this two year period if necessitated by unforeseen or unavoidable circumstances as approved by ARB. If the vehicle is resold, the vehicle purchaser must assign a prorated portion of their rebate, in an amount equivalent to the original rebate amount divided by 24 months and then multiplied by the number of months remaining in the original 24 month period (rounded to the nearest month), to the new owner of the vehicle. If the vehicle is returned to the dealer, the same prorated portion of the rebate should be directed to the Grantee. Purchase of a vehicle with an Agricultural UTV Rebate Project rebate with the intent to resell the vehicle for financial gain within two years is not allowed. In these cases, the ARB (or its designee) reserves the right to recoup Agricultural UTV Rebate Project funds from the original vehicle purchaser identified on the rebate form and may pursue other remedies available under the law.

ARB in coordination with the Grantee will develop a mechanism for vehicle purchasers to provide voluntary customer satisfaction feedback on UTVs purchased with rebates. This feedback will not be mandatory and is at the sole discretion of the vehicle purchaser to provide.

4 PROJECT ADMINISTRATION

4.1 Background

This section defines the respective roles of the ARB and the Grantee in administering the Agricultural UTV Rebate Project.

4.2 Disbursement of Project Funding

4.2.1 Vehicle Funding

The success of the Agricultural UTV Rebate Project is contingent upon the ability of vehicle purchasers to take advantage of the rebates quickly after purchasing or leasing an eligible vehicle. The Grantee will receive ten percent of Agricultural UTV Rebate Project funding from ARB as seed money at project start-up in order to turn around rebate applications quickly. This seed funding includes up to fifty percent of the total allowable Agricultural UTV Rebate Project administration funding (see below), with the remainder of the ten percent of total Agricultural UTV Rebate Project funds to be used to redeem rebates. Additional funds will be provided to the Grantee as needed to quickly and efficiently fulfill rebate requests. The Grantee must submit a Status Report documenting that 75 percent of previous funding allotments have been issued as rebates to request additional vehicle rebate funds from ARB. The Grantee may request a funding amount up to that needed to pay off rebates for which complete applications have been submitted.

4.2.2 Administrative Funding

The Grantee may use up to \$110,000, or the amount committed to in its Agricultural UTV Rebate Project application, whichever is less, for project administration and outreach (costs associated with promoting and redeeming rebates). The Grantee shall receive funding for project administration on the following schedule:

- 50 percent of project administration funds at the time the Grant Agreement is signed (for outreach, to develop the webpage, labor, other project start-up costs, etc.)
- 20 percent of administration funding after half of vehicle funding is expended, and the complete and accurate Status Reports demonstrating fund expenditure for these vehicles have been supplied to ARB
- 20 percent of administration funding after all vehicle funding is expended, complete and accurate Status Reports demonstrating fund expenditure for these vehicles have been supplied to ARB, and the Grantee provides documentation describing expenditure of all match funding and in-kind services committed to in the project application.
- 10 percent of administration funding after ARB has received all intellectual property and data needed to ensure continued smooth implementation of the Agricultural UTV Rebate Project (see Sections 4.4 and 4.5, below), and ARB has received a Final Report documenting vehicles paid for by the program and fulfillment of all project commitments.

With the exception of the initial 50 percent of administrative funding provided for project start-up, all administrative funding provided to the Grantee shall be on a reimbursement basis and requires administrative cost summaries approved by ARB for completed tasks and/or eligible expenses. The Grantee must provide cost summaries for the first 50 percent of administration funding before additional administration funding will be provided.

Administrative cost summaries used to justify an additional increment of administration funding from ARB must describe costs for work completed in the following categories: 1) labor expenses (including total staff time and labor costs); 2) external consultant fees for completed work (if applicable); 3) printing, mailing, travel, and other outreach expenses; and 4) indirect costs. Additional administrative cost category summaries may be provided to ARB if warranted. Documentation substantiating these costs must be maintained by the Grantee and provided to ARB upon request, as described in Sections 4.6 and 4.12 of this Implementation Manual.

4.3 Accounting of State Funds

The Grantee must provide ARB with documentation accounting for the proper expenditure of State funds. The documentation must be provided in Status Reports submitted at least every three months to ARB and a Final Report submitted after all vehicle funding has been expended and prior to the Grantee receiving their last disbursement of administrative funding.

4.3.1 Status Report

The Grantee must provide a Status Report to ARB detailing the vehicles and associated rebate amounts assigned and redeemed to date (See Appendix E for a Sample Status Report). The Status Report must include, at a minimum, the following information:

- Number of rebates redeemed
- Number and dollar amount of rebates issued by:
 - a. vehicle make and model
 - b. purchase price
 - c. California county
 - d. other financial incentives received and California county
- Remaining grant funding available
- Identified problems or concerns

The Status Report provides a mechanism for the Grantee to justify a need for an additional Agricultural UTV Rebate Project funding from ARB. The Status Report must be submitted at least every three months, but may be provided on a monthly basis if needed to justify additional funding from ARB. The first Status Report must be submitted three months after the grant agreement is fully executed or when requesting additional disbursement of funds, whichever is sooner.

4.3.2 Final Report

The Grantee must submit a Final Report to ARB after all vehicle funding has been expended. This report must document all vehicles paid for by the program (may be provided as a summaries of previously submitted Status Reports) and fulfillment of all project commitments. The Final Report must include, at a minimum, total fund expenditures (including match and in-kind funds), vehicles funded, outreach efforts, and implementation challenges, and recommends potential program improvements. As

described in Section 4.5, any voluntary feedback provided by vehicle purchasers to the Grantee is also desired by ARB in the Final Report.

4.4 Intellectual Property

The Grantee selected via competitive grant solicitation in 2009 is responsible for implementation of the Agricultural UTV Rebate Project approved by the Board as part of the AQIP Funding Plan for FY 2009-10. Should the Agricultural UTV Rebate Project receive additional funding in FY 2010-11, the ARB is required to select a Grantee for these future year's funds via another competitive solicitation.

Any webpage(s), software or other intellectual property developed or purchased by the Grantee for the purposes of administering or implementing the Agricultural UTV Rebate Project are the property of ARB. Should a different Grantee be selected to manage the Agricultural UTV Rebate Project in subsequent funding years, it will be the Grantee's responsibility to turn over this property and information to the new Grantee and provide all reasonable and necessary assistance needed to ensure a smooth transition. It is ARB's intention that access to and redemption of rebates is seamless to vehicle purchasers as the Agricultural UTV Rebate Project transitions to each new fiscal year.

4.5 Vehicle Activity Reporting

Vehicle purchasers will have no requirements to provide either the Grantee or ARB with consumer feedback. However, should vehicle purchasers wish to provide feedback voluntarily, ARB requests that the Grantee provide some mechanism for receiving product feedback, and information on the specific types of agricultural applications for which the purchased vehicles are used. ARB will work with the Grantee to determine the most simple and effective mechanism for obtaining voluntary feedback from consumers.

4.6 Documentation of Administrative Costs

Administrative funds shall only be used for costs associated with project implementation related tasks outlined in the AQIP Funding Plan, the project solicitation, the Implementation Manual, or grant agreement with the Grantee. Administrative funds shall be used for Agricultural UTV Rebate Project administration and outreach including: Grantee staff time; consultant fees (if pre-approved by ARB); printing, mailing, and travel costs; project monitoring and compliance expenses; and indirect costs such as general administrative services, office space, and telephone services.

The Grantee must maintain documentation of Agricultural UTV Rebate Project funds used for administration and outreach, including:

- Personnel documentation must make use of timesheets or other labor tracking software. Duty statements or other documentation may also be used to verify the number of staff and actual hours or percent of time staff devoted to Agricultural UTV Rebate Project administration and outreach.

- Fees for external consultants must be documented with copies of the consultant contract and invoices. All external consultant fees must be pre-approved by ARB.
- Printing, mailing, and travel expenses must be documented with receipts and/or invoices.
- Any reimbursement for necessary travel and per diem shall be at rates not to exceed those amounts paid to the State's represented employees. No travel outside the State of California shall be reimbursed unless prior written authorization is obtained from ARB. The State's travel and per diem reimbursement amounts may be found online at www.dpa.da.gov/jobinfo/statetravel.shtm. Reimbursement will be at the State travel and per diem amounts that are current as of the date costs are incurred by the Grantee.
- If indirect costs are used to document project administrative costs funded by the Agricultural UTV Rebate Project, the Grantee must have an official written policy regarding calculation of these costs. The Project Administrator must maintain documentation for all costs referenced in the indirect cost calculation formula.

The above documentation, records, and referenced materials must be made available for review during ARB, or its designee, monitoring visits and audits. These records must be retained for a minimum of three years after submittal of the final Agricultural UTV Rebate Project invoice to ARB.

If the Grantee charges unallowable costs for project administration or outreach, it shall be required to substitute eligible administration and outreach expenses equal to the dollar amount found ineligible, or return the funds for the unallowable cost to the ARB.

4.7 In-Kind Services

The Grantee is encouraged to contribute in-kind services to improve the Agricultural UTV Rebate Project's effectiveness, or match funding to increase the number of vehicles funded. Funds expended on in-kind services must meet all the requirements of Section 4.6 of this Implementation Manual and must be documented in the Agricultural UTV Rebate Project Final Report to ARB.

4.8 Match Funding

For the purposes of the Agricultural UTV Rebate Project, match funding shall include only those funds contributed by the Grantee directly to the Agricultural UTV Rebate Project for the purposes of funding eligible vehicles. Contributions to similar vehicle rebate programs or other air quality incentive projects (i.e. in-kind match) are not considered eligible match funds for the purposes of the Agricultural UTV Rebate Project. The Grantee must meet all match funding commitments made in its application.

Match funding can only be used in two ways – to increase the number of eligible vehicles funded or to increase the rebate amount provided to eligible vehicles (not to exceed the vehicle's full incremental cost). All Clean Vehicle Rebate Project match funding or vehicles funded with match funds must meet the following criteria:

- Funding from other state or federal revenue sources, such as the Carl Moyer Program or other AB 118 programs, may not be counted as match.
- The combination of Agricultural UTV Rebate Project and match funding may not exceed a vehicle's incremental cost (See Section 2.5 for guidance regarding incremental cost).
- Match funding must meet the same requirements applicable to Agricultural UTV Rebate Project non-match funds, and vehicles purchased wholly or in part with match funding must meet the same requirements as vehicles funded with non-match Agricultural UTV Rebate Project funds.

Documentation of match funding expended on eligible vehicles must be retained for a minimum of three years after the match-funded voucher has been redeemed.

4.9 Earned Interest

Interest earned by the Grantee on Agricultural UTV Rebate Project funds must be reported to ARB. All interest income on Agricultural UTV Rebate Project funds, including both vehicle rebate funds and project administration/outreach funds, must be reinvested in the Agricultural UTV Rebate Project to fund additional rebates for eligible vehicles. The Grantee is responsible for reporting to ARB on all vehicles funded with interest earned on Agricultural UTV Rebate Project funds.

The Grantee must maintain accounting records (e.g. general ledger) that tracks interest earned and expended on Agricultural UTV Rebate Project funds, as follows:

- The calculation of interest must be based on an average daily balance or some other reasonable and demonstrable method of allocating the proceeds from the interest-generating account back into the program.
- The methodology for tracking earned interest must ensure that it is separately identifiable from interest earned on non- Agricultural UTV Rebate Project funds.
- The methodology for calculating earned interest must be consistent with how it is calculated for the Grantee's other fiscal programs.
- Earned interest must be fully expended by June 30, 2012.

Documentation of interest earned on Agricultural UTV Rebate Project funds must be retained for a minimum of three years after it is generated. Documentation of interest expended on eligible vehicles must be retained for a minimum of three years after the interest-funded rebate has been redeemed.

4.10 Fidelity Bond Insurance

ARB encourages the Grantee to maintain Fidelity Bond/Crime Insurance coverage for state-owned property or funding in the care, custody, or control of the Grantee for the term of the Grant Agreement. The Grantee may provide either proof of insurance or a letter of self-insurance coverage. Coverage limits should be for the amount scheduled in the grant. The policy should include as loss payee the California Air Resources Board and provide insurance against loss of Agricultural UTV Rebate Project funding or property due to employee misconduct.

4.11 Records

Without limitation of the requirement to maintain project accounts in accordance with generally accepted accounting principles, the Grantee must:

- Establish an official file for the Agricultural UTV Rebate Project which shall adequately document all significant actions relative to the project.
- Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Agricultural UTV Rebate Project.
- Establish separate accounts which will adequately and accurately depict all income received which is attributable to the Agricultural UTV Rebate Project.
- Establish an accounting system which will adequately depict final total costs of the Agricultural UTV Rebate Project, including both direct and indirect costs.

4.12 Oversight and Accountability

Through its administration of longstanding incentive programs such as the Carl Moyer Program, ARB has found that project evaluations and program reviews are essential to ensure that incentive program funds are run in accordance with statutory requirements and that State funds are spent transparently and efficiently.

ARB holds the overarching responsibility for Agricultural UTV Rebate Project fund oversight and project accountability and has final authority regarding vehicle eligibility and other program parameters. As such, ARB is responsible for monitoring and reviewing the Grantee's implementation of the Agricultural UTV Rebate Project. Responsibilities for Agricultural UTV Rebate Project oversight are as follows:

- ARB has primary oversight responsibility for the Agricultural UTV Rebate Project to ensure transparent and efficient implementation, and that AQIP funds are spent consistent with the requirements of statute, the AQIP Guidelines and Funding Plan, the Agricultural UTV Rebate Project solicitation and grant agreement with the Grantee, and this Implementation Manual. ARB, or its designee, reserves the right to conduct a site visit, evaluation, review, or audit the Agricultural UTV Rebate Project for the life of the project grant.

- If the Grantee detects any potentially fraudulent activity by a vehicle dealer or purchaser it shall notify ARB as soon as possible and work with ARB to determine an appropriate course of action.
- ARB staff or its designees have primary responsibility for conducting project reviews and/or fiscal audits of Agricultural UTV Rebate Project administration and implementation.
- Rebate recipients and the Grantee must allow ARB, the California Department of Finance, the California Bureau of State Audits, or any authorized designee access, during normal business hours, to conduct Agricultural UTV Rebate Project reviews and fiscal audits or other evaluations. Granting of access includes, but is not limited to, reviewing project records, site visits, and other evaluations as needed. ARB, or its designee, has the right to review and to copy any records and supporting documentation pertaining to development or implementation of the Agricultural UTV Rebate Project. Project evaluations or site visits may occur unannounced as ARB staff or its designee deems necessary.

Project Non-Performance

ARB or its designee has the authority to recoup Agricultural UTV Rebate Project funds which were received based upon misinformation or fraud, or for which a Grantee, dealership, manufacturer, or vehicle purchaser is in significant or continual non-compliance with this Implementation Manual or State law. ARB also retains the authority to prohibit any entity from participating in the Agricultural UTV Rebate Project due to non-compliance with project requirements.

5 DEFINITIONS

“Agricultural operations” is defined from ARB’s Regulation for in-Use Off-Road Diesel Vehicles (Title 13 CCR § 2449): and means (1) the growing or harvesting of crops from soil (including forest operations), and the raising of plants at wholesale nurseries, but not retail nurseries, or the raising of fowl or animals for the primary purpose of making a profit, providing a livelihood, or conducting agricultural research or instruction by an educational institution, or (2) agricultural crop preparation services such as packinghouses, cotton gins, nut hullers and processors, dehydrators, and feed and grain mills. Agricultural crop preparation services include only the first processing after harvest, not subsequent processing, canning, or other similar activities. For forest operations, agricultural crop preparation services include milling, peeling, producing particleboard and medium density fiberboard, and producing woody landscape materials. An ARB Guidance Fact Sheet on the In-Use Off-Road Diesel Vehicle Regulation definition of agriculture is included as Attachment 1.

“ARB project liaison” is the ARB staff person, named in this Implementation Manual, which serves as the point of contact for coordination with the Agricultural UTV Rebate Project Grantee.

“Earned interest” means any interest generated from State AQIP funds provided to the Grantee and held in an interest-bearing account.

“Expend” for the purpose of this program means the payment of funds on an invoice for an eligible vehicle.

“Grantee” means the entity selected by ARB via competitive grant solicitation to redeem rebates for the Agricultural UTV Rebate Project. The responsibilities of the Grantee are described in Section 3.2 of this Implementation Manual and in the grant agreement between ARB and the Grantee.

“Incremental cost” means the difference in cost between the new zero-emission vehicle and the comparable new gasoline or diesel fueled vehicle that would be purchased to perform the same function.

“In-kind services”, for the purposes of this program, means payments or contributions made in the form of goods and services, rather than direct monetary contributions.

“Match funding” means those funds contributed by the Grantee directly to the Agricultural UTV Rebate Project for the sole purposes of funding additional vehicles or increasing the vehicle rebate amount. Per Section 4.8 there are only two ways match funding can be used.

“New vehicle” is a vehicle constructed entirely from new parts that have never been the subject of a retail sale, or registered with the department, or registered with the appropriate agency or authority of any other state, District of Columbia, territory or possession of the United States, or foreign State, province, or country.

“Utility terrain vehicles” (UTV), is used to collectively include both all terrain vehicles (ATVs) and utility vehicles (UVs) as they are defined by California's off-highway regulations as amended in July 2006 (Title 13 CCR § 2411). In these regulations, an ATV is defined as any off-highway motor vehicle 50 inches or less in overall width that is designed to travel on four or more low pressure tires, having a single seat designed to be straddled by the operator or a single seat designed to be straddled by the operator and a seat for no more than one passenger, having handlebars for steering control. An off-road UV is defined as designed to travel on four or more wheels, having bench or bucket seating for two or more persons, having a steering wheel for steering control, designed for operation over rough terrain, having an internal combustion engine with a displacement less than or equal to one liter, having a maximum brake power less than or equal to 30 kilowatts, and having either 1) a rear payload of 350 pounds or more, or 2) seating for six or more passengers.

“Zero-emission vehicle” (ZEV), means a vehicle that emits no tailpipe pollutants from the onboard source of power.

Attachment 1
Vehicle Eligibility Application

**AB 118: ZERO-EMISSION AGRICULTURAL UTILITY TERRAIN VEHICLE
(AGRICULTURAL UTV) REBATE PROJECT**

VEHICLE ELIGIBILITY APPLICATION

This is an application for vehicles to be included on the list of vehicles eligible for the California Air Resources Board's (ARB) Agricultural UTV Rebate Project. This application must be completed, submitted to ARB, and vehicle must receive approval prior to the vehicle being eligible for a rebate. ARB reserves the right to request additional information or clarification of information provided in this application. This application applies to and must be completed by the original vehicle manufacturer or its legal representative.

Part I: Vehicle Manufacturer Information

1. Manufacturer Name:		
2. Manufacturer Contact Name and Title:		
3. Business Mailing Address and Contact Information Street:		
City:	State:	Zip Code:
Phone: ()	Fax: ()	
E-mail:		

In the table below, please provide the year, make, and model for the vehicle(s).

Table 1: Vehicle Information

Model Year	Vehicle Make	Vehicle Model

Part II: Verification of Vehicle Eligibility

Please provide manufacturer vehicle specifications and other information as attachments to this form for each vehicle model listed in Table 1. ARB reserves the right to request additional information to complete the vehicle eligibility evaluation.

- ☐ Vehicle specifications sheet that demonstrates the vehicle meets the specification and performance thresholds described in Section 2.3.3 of the Agricultural UTV Rebate Project Implementation Manual.

- ☐ Warranty provisions
- ☐ After sales service provisions
- ☐ MSRP price sheets
- ☐ Briefly describe information provided to vehicle dealers or purchasers regarding proper disposal of the vehicle battery and how this information is conveyed in product literature.

I hereby certify that all information provided in this application and any attachments are true and correct. Submission of false information on this form is punishable under penalty of perjury under the laws of the State of California.

Printed Name of Responsible Party:	Title:
Signature of Responsible Party:	Date:

Mail this application and all supporting documentation to:

Meri Miles
Air Resources Board
Mobile Source Control Division
P.O. Box 2815
Sacramento, CA 95812

Attachment 2

List of Existing Eligible Vehicles and Rebate Amounts

List of Existing Eligible Vehicles and Rebate Amounts

Eligible Vehicles

Rebate Amount

{This list is currently under development}

Attachment 3

Sample Agricultural UTV Rebate Project Status Report Form

**Agricultural UTV Rebate Project
SAMPLE Status Report:
March 1, 2010 through June 31, 2010**

I.

Rebate Requests This Quarter			
Received	Approved	Disapproved	Pending

II.

Vehicle Model	Purchase Price	Rebate	Purchaser (Individual, business, or public agency)	Other financial incentives received	Primary California county

III.

Status of ARB Funds	
Original Appropriation:	
Approved Rebates Previous Quarters:	
Approved Rebates This Quarter:	
Pending Rebate Applications:	
Remaining Funds:	(\$x,xxx,xxx)